

annual report

2017

ARPAK INTERNATIONAL INVESTMENTS LIMITED

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ARPAK INTERNATIONAL INVESTMENTS LIMITED

COMPANY PROFILE

Arpak International Investments Limited (the Company) was incorporated in Pakistan on 26 July, 1977 as a Public Company and its shares are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at King's Arcade, 20-A, Markaz F-7, Islamabad. The Company is principally engaged in investment business of various forms including following:

- a) To deal in commodities agricultural as well as industrial (i.e. sugar, rice, molasses, industrial alcohol, vegetable oils, cotton, polypropylene products and similar other products);
- b) To purchase, take on lease or otherwise acquire for the purpose of development and sale any estate, land, building, easement or other interest in real estate;
- c) To sell or dispose off the undertakings of the Company or any part thereof for such consideration as the Company may think fit and in particular shares, TFC or any other security of any other Company;
- d) To acquire and dispose of or to otherwise take over, undertake and carry on, wholly or in part for shares or cash or otherwise howsoever and as going concern or otherwise;
- e) To take part in the management, to manage and act as consultant and advisors to the business of other companies on fee, commission or such other bases or to enter into partnership of joint venture agreement on profit and loss sharing basis subject to any permission required under law; and
- f) To invest funds of the Companies in shares, stocks, fixed income securities, bonds, modaraba certificates, TFCs, certificates of investments, commercial papers, debentures, debenture stock and securities issued or guaranteed by any Government, or public body or authority, supreme, municipal, local or otherwise in Pakistan or abroad subject to any approval under the law.

ARPAK INTERNATIONAL INVESTMENTS LIMITED

COMPANY INFORMATION

Board of Directors

Mr. Abbas Sarfaraz Khan
Chief Executive

Begum Laila Sarfaraz
Chairperson

Mr. Aziz Sarfaraz Khan

Ms. Zarmine Sarfaraz

Ms. Najda Sarfaraz

Mr. Iskander M. Khan

Mr. Usman Salim Khan

Company Secretary

Mr. Mujahid Bashir

Chief Financial Officer

Mr. Rizwan Ullah Khan

Head of Internal Audit

Syed Naveed Ali

Auditors

M/s. ShineWing Hameed Chaudhri & Co.,
Chartered Accountants

Legal Advisor

Ms. Shazia Malik
Advocate

Shares Registrar

Messers Hameed Majeed Associates (Pvt.) Limited
H.M. House, 7-Bank Square, Lahore.
Phone No. : 042-37235081
Fax No. : 042-37235083

Bankers

MCB Bank Limited
Bank Al-Habib Limited

ARPAK INTERNATIONAL INVESTMENTS LIMITED

MANAGEMENT COMMITTEES

Executive Committee

Mr. Aziz Sarfaraz Khan Chairman
(Non-Executive Director)

Mr. Abbas Sarfaraz Khan Member
(Non-Executive Director)

Mr. Iskander M. Khan Member
(Executive Director)

Executive Committee is involved in day to day operations of the Company and is authorized to conduct every business except the businesses to be carried out by Board of Directors as required by section 196 of the Companies Ordinance, 1984. Executive Committee meets periodically to review operating performance of the Company against pre-defined objectives, commercial business decisions, investments and funding requirements.

Audit Committee

Mr. Usman Salim Khan Chairman
(Independent Director)

Mr. Aziz Sarfaraz Khan Member
(Non-Executive Director)

Ms. Zarmine Sarfaraz Member
(Non-Executive Director)

Mr. Mujahid Bashir Secretary

The terms of reference of the Audit Committee have been derived from the Code of Corporate Governance applicable to listed companies. Thereby Audit Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors shall act in accordance with the recommendations of the Audit Committee in all these matters.

The terms of reference of the Audit Committee also include the following:

- a) Determination of appropriate measures to safeguard the Company's assets;
- b) Review of preliminary announcements of results prior to publication;
- c) Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - The going-concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards; and
 - Compliance with listing regulations and other statutory and regulatory requirements.
- d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e) Review of management letter issued by external auditors and management's response thereto;
- f) Ensuring coordination between the internal and external auditors of the Company;
- g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- h) Consideration of major findings of internal investigations and management's response thereto;
- i) Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- j) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;
- k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
- l) Determining of compliance with relevant statutory requirements;
- m) Monitoring compliance with the best practices of Corporate Governance and identification of significant violations thereof; and
- n) Consideration of any other issue or matter as may be assigned by the Board of Directors.

ARPAK INTERNATIONAL INVESTMENTS LIMITED

Human Resource and Remuneration Committee

Mr. Aziz Sarfaraz Khan Chairman
(Non-Executive Director)

Mr. Abbas Sarfaraz Khan Member
(Non-Executive Director)

Mr. Usman Salim Khan Member
(Independent Director)

Mr. Mujahid Bashir Secretary

The Committee is responsible for:

- i) The overall system of remuneration and benefits for senior management and functional heads;
- ii) Succession and career development within the senior management;
- iii) The size and composition of the Board including the “mix” of Executive and Non-Executive Directors;
- iv) Selection and nomination of Non-Executive Directors to the Board and the terms & conditions, wherever applicable and if any, on which Non-Executive Directors are appointed and hold office, for the ultimate approval of the shareholders.

ARPAK INTERNATIONAL INVESTMENTS LIMITED

VISION STATEMENT

To obtain the highest rate of return by making diversified and secured investments. Efficient organization with professional competence of top order.

To ensure attractive returns to business associates and optimizing the shareholders value as per their expectations.

MISSION STATEMENT

We have developed a unique set of strength and competencies. We wish to build safe, healthy and environment friendly atmosphere and will strive continuously to achieve higher level of excellence.

To be a dynamic, profitable and growth oriented company through investments in new national and international markets and undertakings.

To give attractive returns to business associates and shareholders as per their expectations. Be a responsible employer and reward employees according to their ability and performance.

To be a good corporate citizen to fulfill its social responsibilities.

The quality policy also encompasses are long term strategic Goals and Core Values, which are integral part of our business.

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CODE OF CONDUCT

Arpak International Investments Limited has built a reputation for conducting its business with integrity in accordance with high standards of ethical behavior and in compliance with the laws and regulations that govern our business. This reputation is among our most valuable assets and ultimately depends upon the individual actions of each of our employees all over the country.

Arpak International Investments Limited Code of Conduct has been prepared to assist each of us in our efforts to not only maintain but enhance this reputation. It provides guidance for business conduct in a number of areas and references to more detailed corporate policies for further direction. The adherence of all employees to high standards of integrity and ethical behavior is mandatory and benefits all stakeholders including our customers, our communities, our shareholders and ourselves.

The Company carefully checks for compliance with the Code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking corrective measures if and as required.

Arpak International Investments Limited Code of Conduct applies to all affiliates, employees and others who act for us countrywide, within all sectors, regions, areas and functions.

The Code of Conduct of the Company includes the policies in respect of followings:

- Standard of Conduct;
- Obeying the law;
- Human Capital;
- Consumers;
- Shareholders;
- Business Partners;
- Community involvement;
- Public activities;
- The environment;
- Innovation;
- Competition;
- Business integrity;
- Conflicts of interests; and
- Compliance, monitoring and reporting.

General Principles

- Compliance with the law, regulations, statutory provisions, ethical integrity and fairness is a constant commitment and duty of all Arpak employees and characterizes the Conduct of the organization.

The Company's business and activities have to be carried out in a transparent, honest and fair way, in good faith and in full compliance. Any form of discrimination, corruption, forced or child labor is rejected. Particular attention is paid to the acknowledgment and safeguarding of the dignity, freedom and equality of human beings.

- All employees, without any distinction or exception whatsoever, respect the principles and contents of the Code in their actions and behaviors while performing their functions according to their responsibilities, because compliance with the Code is fundamental for the quality of their working and professional performance. Relationships among employees, at all levels, must be characterized by honesty, fairness, cooperation, loyalty and mutual respect.
- The belief that one is acting in favor or to the advantage of the Company can never, in any way, justify-not even in part any behavior that conflict with the principles and content of the Code.
- The Arpak Code of Conduct aims at guiding the “Arpak team” with respect to standards of conduct expected in areas where improper activities could result in adverse consequences to the Company, harm its reputation or diminish its competitive advantage.
- Every employee is expected to adhere to, and firmly inculcate in his/her everyday conduct; this mandatory framework; any contravention or deviation will be regarded as misconduct and may attract disciplinary action in accordance with the Company service rules and relevant laws.

Statement of Ethical Practices

It is the basic principle of Arpak International Investments Limited to obey the law of the land and comply with its legal system. Accordingly every director and employee of the Company shall obey the law. Any director and employee guilty of violation will be liable to disciplinary consequences because of the violation of his / her duties.

Employees must avoid conflicts of interest between their private financial activities and conduct of Company business.

All business transactions on behalf of Arpak International Investments Limited must be reflected accordingly in the accounts of the Company. The image and reputation of Arpak International Investments Limited is determined by the way each and every of us acts and conducts him / her at all times.

We are an equal opportunity employer. Our employees are entitled to a safe and healthy workplace.

Every manager and supervisor shall be responsible to see that there is no violation of laws within his / her area of responsibility which proper supervision could have prevented. The manager and supervisor shall still be responsible if he / she delegates particular tasks.

ARPAK INTERNATIONAL INVESTMENTS LIMITED

TEN YEARS PERFORMANCE AT A GLANCE

PARTICULARS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	(R U P E E S I N T H O U S A N D)									
Income	11,642	10,904	13,636	13,169	13,143	13,724	13,020	10,855	9,839	7,994
Operating (Loss) / profit	(8,179)	(55)	4,347	5,500	5,126	5,274	6,122	4,703	6,495	4,826
(Loss) / profit before tax	(16,405)	13,483	12,731	891	(10,486)	(10,600)	2,604	12,433	20,385	4,823
(Loss) / profit after tax	(1,805)	12,227	11,651	312	(10,795)	(10,867)	1,334	11,074	17,923	3,536
Share Capital	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Shareholders' Equity	300,649	309,282	289,225	263,226	237,247	242,386	248,916	232,357	217,045	96,759
Capital Employed	300,833	309,472	289,404	263,405	237,247	242,556	249,073	232,527	217,198	96,892
Fixed Assets - Net	6,466	6,507	6,480	6,553	6,631	6,712	6,799	6,891	6,988	7,091
Total Assets	306,560	313,504	292,546	266,240	238,317	244,709	251,505	235,555	221,674	196,114
Current Assets	48,345	75,209	66,354	62,713	69,815	52,131	32,345	27,608	24,400	17,606
Current Liabilities	5,728	4,032	3,142	2,835	2,436	2,153	2,432	3,028	4,476	1,841
Long Term Liabilities	184.00	190.00	179.00	179	0	170	157	170	153	133
Dividend										
Cash Dividend (%)	-	12.5	10	-	-	-	-	-	-	-
Ratios Profitability										
Operating Profit (%)	(70.25)	(0.50)	31.88	41.76	39.00	38.43	47.02	43.33	66.01	60.37
Loss/profit before tax (%)	(140.91)	123.65	93.36	6.77	(79.78)	(77.24)	20.00	114.54	207.19	60.33
Loss/Profit after tax (%)	(15.50)	112.13	85.44	2.37	(82.13)	(79.18)	10.25	102.02	182.16	44.23
Return to Shareholders (ROE)										
ROE - Before Tax (%)	(5.46)	4.36	4.40	0.34	(4.42)	(4.37)	1.05	5.35	9.39	4.98
ROE - After Tax (%)	(0.60)	3.95	4.03	0.12	(4.55)	(4.48)	0.54	4.77	8.26	3.65
Return on Capital Employed (%)	(0.60)	3.95	4.03	0.12	(4.55)	(4.48)	0.54	4.76	8.25	3.65
E.P.S - After Tax	(0.45)	3.06	2.91	0.08	(2.70)	(2.72)	0.33	2.77	4.48	0.88
Activity										
Income to Total Assets	0.04	0.03	0.05	0.05	0.06	0.06	0.05	0.05	0.04	0.04
Income to Fixed Assets	1.80	1.68	2.10	2.01	1.98	2.04	1.91	1.58	1.41	1.13
Liquidity/Leverage										
Current Ratio	8.44	18.65	21.12	22.12	28.66	24.21	13.30	9.12	5.45	9.56
Break up Value per Share	75.16	77.32	72.31	65.81	59.31	60.60	62.23	58.09	54.26	24.19
Total Liabilities to Equity (Times)	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02

ARPAK INTERNATIONAL INVESTMENTS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 40th Annual General Meeting of the shareholders of **Arpak International Investments Limited** will be held on October 31, 2017 at 11:30 AM at the Registered Office of the Company at King's Arcade, 20-A, Markaz F-7, Islamabad, for transacting the following business:-

- 1- To confirm the minutes of the Annual General Meeting held on October 31, 2016.
- 2- To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' reports for the year ended June 30, 2017.
- 3- To appoint the Auditors of the Company and to fix their remuneration for the financial year ending June 30, 2018.
- 4- To transact any other business of the Company as may be permitted by the Chair.

The Share transfer books of the Company will remain closed from October 21, 2017 to October 31, 2017 (both days inclusive).

By order of the Board



(MUJAHID BASHIR)
Company Secretary

Islamabad
October 04, 2017

- N.B:
1. Members, unable to attend in person may kindly send proxy form attached with the Balance Sheet signed and witnessed to the Company at least 48 hours before the time of the meeting. No person shall act, as proxy unless he is entitled to be present and vote in his own right.
 2. Members are requested to notify the Shares Registrar of the Company of any change in their addresses immediately.
 3. In case of proxy for an individual beneficial owner of CDC, attested copies of beneficial owner's CNIC or passport, account and participants' ID numbers must be deposited along with the form of Proxy. Representative of corporate members should bring the usual documents required for such purpose.
 4. CDC shareholders will in addition have to follow the under mentioned guidelines as laid down in Circulars No.1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for attending the Meeting:
 - (I) In Case of Individuals: The account holder or sub account holder and / or the person whose securities are registered on CDS; and their registration detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her Original Computerized National Identity Card (CNIC) or Original Passport at the time of attending the Meeting. The Members are also required to bring their Participants' I.D. number and account numbers in CDS.
-

(II) In Case of Corporate Entity: The Board of Directors Resolution / Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

5. Submission of copy of CNIC (Mandatory)

Members are requested to provide attested photocopies of their CNIC to the Company on its registered address in order to meet the mandatory requirements of SRO 831(1) 2012 of 5 July 2012 which provides that the dividend warrant should bear the CNIC number of the registered member. In case your CNIC copy is not available your dividend warrant will be no be issue/dispatched to you.

6. Transmission of Annual Financial Statements through E-Mail:

SECP vide SRO 787(1) 2014 of 8 September 2014 whereby SECP has allowed companies to circulate annual balance sheet, profit and loss account, auditor's report and directors' report etc. along with notice of annual general meeting to its members through e-mail. Members are requested to provide their e-mail addresses on registered address of the Company. CDC shareholders are requested to submit their email address and consent directly to their broker (Participant)/CDC Investor Account Services.

7. In compliance with SECP notification No.634(1)/2014 dated July 10, 2014, the audited financial statements and report of the Company for the year ended 30 June, 2017 will be provided on the website www.premiergroup.pk.com/arpak at least 21 days before the date of Annual General Meeting.

ARPAK INTERNATIONAL INVESTMENTS LIMITED DIRECTORS' REPORT

The Directors of Arpak International Investments Limited are pleased to present the 40th Annual Report together with the Audited Financial Statements for the year ended June 30, 2017.

Summarized Financial Results

The financial results of the Company for the year under review are as follow:-

	2017 (Rupees)	2016 (Rupees)
(Loss) / profit before taxation	(16,404,804)	13,483,258
Taxation	-----	-----
Current tax	(1,906,131)	(1,244,622)
Deferred tax	6,463	(11,270)
	<u>(1,899,668)</u>	<u>(1,255,892)</u>
(Loss) / profit after taxation	<u>(18,304,472)</u>	<u>12,227,366</u>
(Loss) / earning per share	(4.58)	3.06

Financial performance and future prospects

The Company has incurred pre-tax loss of Rs 8.19 million during the year (2016: Rs. 0.64 million). However, after incorporating the share of loss of associated companies, the Company's pre-tax loss has increased to Rs 16.405 million. The paid up capital of the Company is Rs. 40.000 million, Capital Reserves Rs. 7.441 million, General Reserves Rs.5.400 million, Cash Reserve Rs. 44.97 million with an un-appropriated profit of Rs. 247.478 million as on June 30, 2017.

The management is actively working on different options to ensure appropriate returns on available funds.

Corporate and financial reporting framework

- The financial statements, prepared by the management of Arpak International Investments Limited, presents fair state of affairs, cash flows and changes in the equity.
- Proper books of account of Arpak International Investments Limited have been maintained.
- All appropriate accounting policies have been consistently applied while preparing financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.

- The system of internal control has been effectively implemented and monitored.
- The Arpak International Investments Limited has the ability to continue as a “going concern”.
- The Company has followed corporate governance as detailed in the listing regulations.
- Key operating and financial data for the last decade in summarized form is annexed.
- There are no statutory payments on account of taxes, duties, levies and charges outstanding as at June 30, 2017, except for those disclosed in the financial statements.
- During the year, five (5) meetings of the Board of Directors were held. Attendance by each director was as follows:

Name of Director	No. of meetings attended
Mr. Aziz Sarfaraz Khan	5
Begum Laila Sarfaraz	4
Mr. Abbas Sarfaraz Khan	4
Ms. Zarmine Sarfaraz	4
Ms. Najda Sarfaraz	5
Mr. Iskander M. Khan	5
Mr. Usman Salim Khan	3

- Leave of absence was granted to directors who could not attend some of the Board Meetings.
- No trade in the shares of the Company were carried-out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children during the year ended 30 June, 2017, other than disclosed in the pattern of the shareholding.

Role of shareholders

The Board aims to ensure that the Company's shareholders are timely informed about the major developments affecting the Company's state of affairs. To achieve this objective, information is communicated to the shareholders through quarterly, half-yearly and annual reports.

Dividend

The Directors do not recommend any dividend due to losses suffered by the Company.

Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by Pakistan Stock Exchange in the PSX Rules Book, relevant for the year ended June 30, 2017 have been duly complied with. A statement to this effect is annexed with the report.

Auditors

As recommended by the Audit Committee, the Board of Directors has recommended to re-appoint M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants, Lahore as Auditors of the Company for the financial year ending June 30, 2018.

Pattern of Shareholding

The Pattern of Shareholding, as required under section 227 (2) (f) of the Companies Act, 2017 is annexed.

Acknowledgment

The Directors appreciate the hard work and dedication displayed by the employees of the Company.

The Board wishes to thank the valued shareholders for their patronage and confidence reposed in the Company and consistent support in the present challenging scenario.

Islamabad
October 04, 2017

On Behalf Of The Board



(ABBAS SARFARAZ KHAN)
Chief Executive

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ

ڈائریکٹرز کی رپورٹ

آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ کے ڈائریکٹرز کمپنی کی 40 ویں سالانہ رپورٹ اور 30 جون 2017 کو ختم ہونے والے سال کے آڈیٹ شدہ مالیاتی گوشوارے، پیش کرنے پر مسرت محسوس کرتے ہیں۔

مالیاتی کارکردگی

کمپنی کی مالیاتی کارکردگی کا ریزلٹ میں خلاصہ پیش ہے۔

2016 (روپے)	2017 (روپے)	
13,483,258	(16,404,804)	ٹیکس سے پہلے (نقصان)/نفع
		ٹیکسیشن
(1,244,622)	(1,906,131)	موجودہ ٹیکس
(11,270)	6,463	ڈیفریڈ ٹیکس
(1,255,892)	(1,899,668)	
<u>12,227,366</u>	<u>(18,304,472)</u>	بعد از ٹیکس (نقصان)/نفع
3.06	(4.58)	(نقصان)/آمدنی فی شیئر

مالیاتی کارکردگی اور مستقبل کے امکانات

کمپنی کو اس سال ٹیکس کی ادائیگی سے پہلے 8.19 ملین کا نقصان ہوا (2016 میں 0.64 ملین) تاہم، منسلک کمپنیوں کے نقصان کا حصہ شامل کرنے کے بعد کمپنی کا ٹیکس ادائیگی سے پہلے یہ نقصان 16.405 ملین تک بڑھ گیا۔ 30 جون 2017 کو کمپنی کا ادائی شدہ سرمایہ 40 ملین، کیپیٹل ریزرو 7.441 ملین، عمومی ریزرو 5.400 ملین، نقد ریزرو 44.97 ملین، اور غیر منقسم نفع 247.478 ملین تھا۔

میجمنٹ فعال طور پر کو مختلف طریقوں کو مد نظر رکھتے ہوئے کام کر رہا ہے تاکہ دستیاب شدہ فنڈز پر اچھا منافع حاصل کیا جاسکے۔

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

- آرپاک انٹرنیشنل انوسٹمنٹس لمیٹڈ کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، رقم کی آمد و رفت، کاروباری سرمایہ میں ہونے والی تبدیلیاں اور تمام معاملات کو واضح پیش کرتے ہیں۔

- کمپنی کے حسابداری کے باقاعدہ کھاتے مرتب کیے جاتے ہیں۔

- مناسب حسابداری کے اصول تسلسل سے مالیاتی حسابات بنانے میں استعمال ہوتے ہیں۔ یہ گوشوارے ہمیشہ انتہائی منطقی اور محتاط اندازوں پر مشتمل ہوتے ہیں۔

- انٹرنیشنل اکاؤنٹنگ رپورٹنگ، جو پاکستان میں اپناتے ہوتے ہیں ان پر عمل کرتے ہوئے مالیاتی گوشوارے تیار کیے جاتے ہیں۔

- اندرونی کنٹرول کا نظام موثر طریقے سے نافذ اور نگرانی کیا گیا ہے۔

- کمپنی کے قائم نہ رہنے کے حوالے سے کسی قسم کا کوئی خدشہ نہیں پایا جاتا ہے۔

- کمپنی باقاعدگی سے کارپوریٹ گورننس کے قواعد و ضوابط، جو کہ لسٹنگ کے قواعد میں واضح کئے گئے ہیں کی پاسداری کر رہی ہے۔

- کمپنی کے گزشتہ دس سال کے انتظامی اور مالی امور سے متعلق اعداد و شمار منسلک ہیں۔

- 30 جون 2017 تک کسی بھی قسم کی کوئی ٹیکس، فرائض، لیویز، چارجز، بقایا جات نہیں ہیں، سوائے ان کے جو مالیاتی بیانات میں بتائی گئیں ہیں

- سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے جن میں ڈائریکٹرز کی حاضری مندرجہ ذیل ہیں :

ڈائریکٹرز کے نام	حاضری اجلاس
جناب عزیز سرفراز خان	5
بیگم لیلی سرفراز	4
جناب عباس سرفراز خان	4
محترمہ زرین سرفراز	5
محترمہ نجد اسرفراز	5
جناب عثمان سلیم خان	3

جو ڈائریکٹر بورڈ کے اجلاس میں حاضر نہیں ہو سکے ان کو چھٹی کی منظوری دی گئی تھی۔

30 جون 2017 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی کے سکرٹیری، ان کے ازواج اور چھوٹے بچوں کی جانب سے کمپنی کے حصص میں کوئی لین دین نہیں ہوئی ہے، اس کے علاوہ، جو کہ شیئر ہولڈنگ کے پیئرن میں ظاہر کی گئی ہے۔
حصص داران کا کردار

بورڈ کا مقصد اس بات کو یقینی بنانا ہے کہ کمپنی کے حصص داران کو کسی بھی ایسی اہم پیش رفت سے بروقت مطلع کیا جائے، جو کمپنی کے معاملات پر اثر انداز ہو۔ اس مقصد کو حاصل کرنے کے لئے حصص داران کو سہ ماہی، نصف اور سالانہ رپورٹ کی معلومات فراہم کی جاتی ہے۔

ڈیویڈنڈ/منافع کی ادائیگی

کمپنی کے نقصان میں ہونے کی وجہ سے ڈائریکٹرز نے اس سال ڈیویڈنڈ دینے کی سفارش کی ہے۔

ضابطہ برائے کاروباری نظم و نسق

کمپنی ضابطہ برائے کاروباری نظم و نسق کے تمام قواعد و ضوابط جو کہ پاکستان اسٹاک ایکسچینج کی رول بک میں درج ہیں اور 30 جون 2017 کو ختم ہونے والے سال سے متعلقہ ہیں پر پوری طرح عمل پیرا ہے اور اس سے متعلق بیان اس رپورٹ کے ساتھ منسلک ہے۔

آڈیٹرز

آڈٹ کمیٹی کی تجاویز کے مطابق، بورڈ آف ڈائریکٹرز نے "شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس لاہور" کو مالی سال 30 جون 2018 تک آڈیٹر مقرر کرنے کی سفارش کی ہے۔

حصص داران کی تفصیل

کمپنی ایکٹ 2017 کے سیکشن 227 سب سیکشن (f) (2) کے مطابق، حصص داران کی تفصیل منسلک ہے۔

اعتراف

ڈائریکٹرز نے کمپنی کے لئے سٹاف کی محنت کو سراہا ہے۔

بورڈ قابل قدر حصص داروں کا شکر گزار ہے جنہوں نے مشکل وقت میں کمپنی کا ساتھ دیا اور کمپنی پہ اپنا بھروسہ رکھا، جس کی وجہ سے کمپنی موجودہ چیلنج میں سرخرو ہوئی۔

ARPAK INTERNATIONAL INVESTMENTS LIMITED

Shareholders' Information

Registered Office

King's Arcade, 20-A,
Markaz F-7, Islamabad.
Tel# 92-51-02650805-7
Fax# 92-51-2651285-6

Shares Registrar

Hameed Majeed Associates (Pvt.) Limited,
HM House, 7-Bank Square, Lahore.
Tel# 92-42-37235081-2
Fax# 92-42-37358817

M/s. Hameed Majeed Associates (Pvt.) Limited is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function.

The Shares Registrar has online connectivity with Central Depository Company of Pakistan Limited. It undertakes activities pertaining to dematerialization of shares, share transfers, transmissions, issue of duplicate/re-validated dividend warrants, and issue of duplicate/replaced share certificates, change of address and other related matters.

Listing on Stock Exchanges

Arpak equity shares are listed on Pakistan Stock Exchange.

Listing Fees

The annual listing fee for the financial year 2016-17 has been paid to the stock exchange within the prescribed time limit

Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

Stock Code

The stock code for dealing in equity shares of Arpak at PSX is Arpak Intl.

Book Closure Dates

The Register of Members and Share Transfer books of the Company will remain closed from 21.10.2017 to 31.10.2017

Web Presence

Updated information regarding the Company can be accessed at Arpak website, www.premiergrouppk.com/arpak. The website contains the latest financial results of the Company together with Company's profile.

ARPAK INTERNATIONAL INVESTMENTS LIMITED
FORM-34
PATTERN OF SHAREHOLDING AS AT 30 JUNE, 2017

<u>No. of Shareholders</u>	<u>Shareholding</u>					<u>Total Shares Held</u>
340	From	1	to	100	Shares	13,186
273	From	101	to	500	Shares	67,969
110	From	501	to	1,000	Shares	81,494
127	From	1,001	to	5,000	Shares	267,022
11	From	5,001	to	10,000	Shares	74,410
2	From	10,001	to	15,000	Shares	20,950
2	From	15,001	to	25,000	Shares	44,754
7	From	25,001	to	70,000	Shares	375,292
1	From	70,001	to	160,000	Shares	105,498
4	From	160,001	to	210,000	Shares	811,253
1	From	210,001	to	400,000	Shares	382,386
1	From	400,001	to	500,000	Shares	413,451
1	From	500,001	to	above	Shares	1,342,335
<u>880</u>						<u>4,000,000</u>

Categories of Shareholders	Numbers	Shares Held	Percentage of Paid-up Capital
<u>Associated Companies, Undertakings and Related Parties</u>			
	2	833,829	21
The Premier Sugar Mills & Distillery Co. Limited	382,386		
Azlak Enterprises (Pvt.) Limited	451,443		
<u>Directors & Relatives</u>			
	11	2,464,387	62
<u>Executives</u>			
	-	-	-
<u>Public Sector Companies & Corporations</u>			
	6	16,365	0
Bibojee Services (Pvt) Limited	10,396		
Excel Securities (Pvt) Limited	100		
BCGA Punjab (Pvt) Limited	5,268		
Sarfaraz Mahmood (Pvt) Limited	500		
Maple Leaf Capital Limited	1		
M/s Naeems Securities (Pvt.) Ltd.	100		
<u>Banks, Development Finance Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds</u>			
	3	6,550	0
Fidelity Investment Bank Limited	2,850		
Investment Corporation of Pakistan	2,700		
EFU General Insurance Limited.	1,000		
<u>Individuals</u>			
	854	617,397	15
<u>Others</u>			
	4	61,472	2
Chief Administrator of Auqaf, Punjab	3,798		
The Society for Rehabilitation of Crippled Children	174		
Governing body Gulshan-e-Maymaar Foundation	57,500		
	880	4,000,000	100
<u>Shareholders holding 10% or more Voting Interest in the Company</u>			
Mr. Abbas Sarfaraz Khan	1,342,335		
Azlak Enterprises (Pvt.) Limited	451,443		

ARPAK INTERNATIONAL INVESTMENTS LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (The Code) contained in Regulation No.5.19 of Rule Book of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent Non-Executive Directors and Directors representing minority interests on its board of Directors. At present the Board includes:

Category	Names
Independent Director	Mr. Usman Salim Khan
Executive Directors	Begum Laila Sarfaraz, Mr. Iskander M. Khan
Non-Executive Directors	Mr. Aziz Sarfaraz Khan, Mr. Abbas Sarfaraz Khan, Ms. Zarmine Sarfaraz, Ms. Najda Sarfaraz

The independent director meets the criteria of Independence under clause 5.19.1 (b) of the Code.

2. The Directors have confirmed that none of them is serving as a director in more than seven listed Companies including this Company.
3. All the Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or he/she, being a member of a stock exchange has been declared as a defaulter by that stock exchange.
4. No casual vacancy has occurred in the Board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated among the directors.
9. 6 out of 7 Directors of the Company were exempted from the requirement of Directors' Training Program by virtue of minimum of 14 years of education and 15 years of experience as director of a listed company. Remaining one director of the Company will conduct training program in the upcoming year.
10. There was no new appointment of Company Secretary, CFO and Head of Internal Audit Department, made during the year.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval by the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of share-holding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee, which comprises of four members, of whom three are non-executive directors whereas the chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formulated and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises 3 members, of whom two are non-executive directors and the chairman of the Committee is a non-executive director.
18. The Board has set-up an effective internal audit function and the employees working therein are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintenance proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board


(ABBAS SARFARAZ KHAN)
CHIEF EXECUTIVE

Islamabad
October 04, 2017

ARPAK INTERNATIONAL INVESTMENTS LIMITED
REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE
WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Arpak International Investments Limited (the Company) for the year ended June 30, 2017 to comply with the rule no. 5.19.24 of Rule Book of the Pakistan Stock Exchanges Limited.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

Shinewing Hameed Chaudhri & Co

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

LAHORE;
October 05, 2017

Audit Engagement Partner: Osman Hameed Chaudhri

ARPAK INTERNATIONAL INVESTMENTS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Arpak International Investments Limited** (the Company) as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of the Ordinance.

Shinewing Hameed Chaudhri & Co

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

Audit Engagement Partner: Osman Hameed Chaudhri

Lahore; 05 October, 2017

ARPAK INTERNATIONAL INVESTMENTS LIMITED
BALANCE SHEET AS AT 30 JUNE, 2017

	Note	2017 ---- Rupees ----	2016
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
5,000,000 ordinary shares of Rs.10 each		<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid-up capital			
4,000,000 ordinary shares of Rs.10 each issued for cash	6	40,000,000	40,000,000
Reserves	7	13,171,048	11,614,135
Unappropriated profit		<u>247,478,053</u>	<u>257,667,597</u>
		<u>300,649,101</u>	<u>309,281,732</u>
Deferred taxation	8	183,496	189,959
Current Liabilities			
Accruals and other payables	9	3,730,979	3,080,237
Taxation	10	1,996,478	952,261
		<u>5,727,457</u>	<u>4,032,498</u>
Contingencies and commitments	11		
		<u>306,560,054</u>	<u>313,504,189</u>
Assets			
Non-current Assets			
Property, plant and equipment	12	4,606,503	4,629,474
Investment property	13	1,859,173	1,877,479
Long term investments	14	207,999,769	200,538,460
Loan to an Associated Company	15	43,750,000	31,250,000
		<u>258,215,445</u>	<u>238,295,413</u>
Current Assets			
Current portion of loan to an Associated Company	15	-	12,500,000
Short term investment	16	42,124,347	59,454,365
Advances to employees - considered good		169,750	244,750
Accrued mark-up	17	1,024,894	390,527
Prepayments		14,210	4,486
Advance income tax and tax deducted at source		2,166,003	1,401,279
Bank balances	18	2,845,405	1,213,369
		<u>48,344,609</u>	<u>75,208,776</u>
		<u>306,560,054</u>	<u>313,504,189</u>

The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

ARPAK INTERNATIONAL INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE, 2017

	Note	2017 ----- Rupees -----	2016
Income	19	11,642,498	10,903,970
Operating and general expenses	20	<u>(19,821,789)</u>	<u>(10,959,014)</u>
Operating loss		(8,179,291)	(55,044)
Bank charges		<u>(14,981)</u>	<u>(9,624)</u>
		(8,194,272)	(64,668)
Share of (loss) / profit of Associated Companies - net	14	<u>(8,210,532)</u>	13,547,926
(Loss) / profit before taxation		(16,404,804)	13,483,258
Taxation	21	<u>(1,899,668)</u>	<u>(1,255,892)</u>
(Loss) / profit after taxation		(18,304,472)	12,227,366
(Loss) / earnings per share	22	<u>(4.58)</u>	<u>3.06</u>

The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

ARPAK INTERNATIONAL INVESTMENTS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE, 2017

	Note	2017 ---- Rupees ----	2016
(Loss) / profit after taxation		(18,304,472)	12,227,366
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit and loss:			
Fair value gain / (loss) on re-measurement of available-for-sale investments	14	116,708	(196,658)
Share of fair value gain / (loss) on remeasurement of available-for-sale investments of Associated Companies		1,440,205	(1,616,780)
		1,556,913	(1,813,438)
Total comprehensive (loss) / income for the year		(16,747,559)	10,413,928

The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

ARPAK INTERNATIONAL INVESTMENTS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2017

	2017	2016
	--- Rupees ---	
Cash flow from operating activities		
Loss for the year - before taxation and share of profit of Associated Companies	(8,194,272)	(64,668)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	80,521	54,121
Depreciation on investment property	18,306	19,270
Mark-up on loan to an Associated Company	(3,274,895)	(3,439,238)
Dividend income	(2,600,518)	-
Fair value gain on re-measurement of investments	(117,938)	(59,552)
Gain on redemption of short term investments - net	(501,656)	(1,862,277)
Loss before working capital changes	(14,590,452)	(5,352,344)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Advances to employees	75,000	195,000
Prepayments	(9,724)	10,582
Increase in accruals and other payables	650,742	665,020
	716,018	870,602
Cash used in operating activities	(13,874,434)	(4,481,742)
Income tax paid	(1,626,638)	(1,613,570)
Dividend paid	(6,000,000)	(4,000,000)
Net cash used in operating activities	(21,501,072)	(10,095,312)
Cash flow from investing activities		
Mark-up received on loan to an Associated Company	2,640,528	3,700,000
Short term Investment	17,949,612	(57,532,536)
Dividends received	2,600,518	800,000
Purchase of property, plant and equipment	(57,550)	(100,000)
Net cash generated from / (used in) investing activities	23,133,108	(53,132,536)
Net increase / (decrease) in cash and cash equivalents	1,632,036	(63,227,848)
Cash and cash equivalents - at beginning of the year	1,213,369	64,441,217
Cash and cash equivalents - at end of the year	2,845,405	1,213,369

The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

ARPAK INTERNATIONAL INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE, 2017

	Reserves				Unappr- opriated profit	Total
	Share capital	Capital reserve	General reserve	Unrealised gain on available-for- sale investments		
	----- Rupees -----					
Balance as at June 30, 2015	40,000,000	7,440,781	5,400,000	586,792	235,797,736	289,225,309
Total comprehensive (loss) / income for the year ended June 30, 2016	-	-	-	(1,813,438)	12,227,366	10,413,928
Dividend paid during the year @ Re.1 / share	-	-	-	-	(4,000,000)	(4,000,000)
Effects of items directly credited in equity by Associated Companies	-	-	-	-	13,642,495	13,642,495
Balance as at June 30, 2016	40,000,000	7,440,781	5,400,000	(1,226,646)	257,667,597	309,281,732
Total comprehensive income / (loss) for the year ended June 30, 2017	-	-	-	1,556,913	(18,304,472)	(16,747,559)
Dividend paid during the year @ Rs.1.5 / share	-	-	-	-	(6,000,000)	(6,000,000)
Effects of items directly credited in equity by Associated Companies	-	-	-	-	14,114,928	14,114,928
Balance as at June 30, 2017	40,000,000	7,440,781	5,400,000	330,267	247,478,053	300,649,101

The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

ARPAK INTERNATIONAL INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2017

1. CORPORATE INFORMATION

Arpak International Investments Limited (the Company) was incorporated in Pakistan on July 26, 1977 as a Public Company and its shares are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at 20-A, Markaz F-7, Islamabad. The Company is principally engaged in investment business of various forms.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Companies Act, 2017 has been promulgated with effect from May 31, 2017, however the Securities and Exchange Commission of Pakistan (SECP) vide its circular no.17 of 2017 dated July 20, 2017, has directed the companies whose financial year ends on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

2.3 Functional and presentation currency

These financial statements have been presented in Pak Rupee, which is the Company's functional and presentation currency. All financial information presented in Pak Rupee has been rounded to the nearest rupee unless otherwise stated.

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 Standards, amendments to approved accounting standards effective in current year

New and amended standards mandatory for the first time for the financial year beginning from July 1, 2016:

- (a) IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in the financial statements by emphasising the importance of comparability, understandability and clarity in presentation.

The amendments provide clarification on number of issues including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Disaggregation and subtotals – line items specify in IAS 1 may need to be disaggregated where this is relevant to understandability of entities' financial position
- Other comprehensive income (OCI) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

All the above amendments do not have any significant impact on the Company's financial statements except for reclassification of certain items.

- (b) IAS 16, 'Property, Plant and Equipment' This amendment clarifies that a depreciation method which is based on revenue, generated by an activity by using of an asset is not appropriate; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn might reflect a reduction of the future economic benefits embodied in the asset. This amendment does not has any significant impact on the Company's financial statements.
- (c) Amendment to IAS 34 'Interim financial reporting' . This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective. It is unlikely that the amendment will have any significant impact on the Company's interim financial information.
- (d) Amendment to IAS 27 'Separate financial statements'. The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. It is unlikely that the amendment will have any significant impact on the Company's financial statements.

3.2 Standards, interpretations and amendments to approved accounting standards that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and are, therefore, not detailed in these financial statements.

3.3 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2016 and have not been early adopted by the Company:

- (a) IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after January 1, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.
- (b) IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.
- (c) Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial statements.
- (d) Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after January 1, 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.

There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Taxation

(a) Current and prior year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

4.2 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.3 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

4.4 Property, plant and equipment

These are stated at cost less accumulated depreciation except freehold land which is stated at cost. Depreciation is taken to profit and loss account applying reducing balance method at the rates stated in note 12 to write-off the cost over estimated remaining useful life of assets. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to profit and loss account. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of property, plant and equipment, if any, is taken to profit and loss account.

4.5 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The Company uses cost model for valuation of its investment property; freehold land has been valued at cost whereas building on freehold land has been valued at cost less accumulated depreciation and any identified impairment loss.

4.6 Impairment loss

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.7 Investments

(a) Available-for-sale investments

These represent investments which are not held for trading. All investments are initially recognised at cost, being the fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price).

Any gain or loss from a change in the fair value of available-for-sale investments is recognised in other comprehensive income as unrealised, unless sold, collected or otherwise disposed-off, or until the investment is determined to be impaired, at which time cumulative gain or loss previously recognised in other comprehensive income will be reclassified from equity to profit and loss account for the period.

(b) Investments at fair value through profit or loss

A non-derivative financial asset is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction cost is recognised in profit or loss when incurred. Investments at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

(c) Held-to-maturity investments

Investments with fixed maturity, that the management has the intent and ability to hold to maturity are classified as held to maturity investments. Held to maturity investments are initially measured at cost and at subsequent reporting dates measured at amortised cost using the effective yield method.

(d) Investments in Associated Companies

Investments in Associated Companies are accounted for using the equity method of accounting. Under the equity method, the investments are initially recognised at cost, and the carrying amounts are increased or decreased to recognise the Company's share of profit or loss of the Investee after the date of acquisition.

The Company's share of post acquisition profit or loss is recognised in the profit and loss account, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in Associates equals or exceeds its interest in the Associates the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the Associates.

The Company determines at each reporting date whether there is any objective evidence that the investments in the Associates are impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the Associates and its carrying values and recognises the amount adjacent to share of profit / loss of Associates in the profit and loss account.

4.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of balances with banks.

4.9 Revenue recognition

Income on deposit / saving accounts / term finance certificates is accrued on time proportion basis by reference to the principal outstanding and the applicable rate of return / interest.

- Dividend income is accounted for when the right of receipt is established.
- Rental income is accounted for on 'accrual basis'.

4.10 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include investments, loan to an Associated Company, advances to employees, accrued mark-up, bank balances and accruals & other payables. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.11 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

5. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, such differences are estimated to be insignificant and hence will not affect the true and fair presentation of the financial statements. The assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

(a) Taxation

In making the estimate for income taxes payable by the Company, the management looks at the applicable law and decisions of appellate authorities on certain issues in the past.

(b) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

6. SHARE CAPITAL

The Premier Sugar Mills & Distillery Company Ltd. and Azlak Enterprises (Pvt.) Ltd. (Associated Companies) respectively hold 382,560 and 451,443 ordinary shares of the Company as at June 30, 2017 and 2016.

7. RESERVES	Note	2017	2016
		--- Rupees ---	
Capital reserve	7.1	7,440,781	7,440,781
Revenue reserve - general	7.2	5,400,000	5,400,000
Fair value reserve on re-measurement of available-for-sale investments		330,267	(1,226,646)
		<u>13,171,048</u>	<u>11,614,135</u>
7.1	The year-end balance comprised of as follows:		
	Gain on sale of land arisen during the accounting years ended on:		
December 31, 1981		2,648,331	2,648,331
December 31, 1984		1,500,000	1,500,000
June 30, 1998		2,690,925	2,690,925
		<u>6,839,256</u>	<u>6,839,256</u>
Gain on sale of investments arisen during the accounting year ended on December 31, 1983		601,525	601,525
		<u>7,440,781</u>	<u>7,440,781</u>
7.2	This reserve was created by transfer from profit and loss appropriation account for the year ended December 31, 1983.		
8. DEFERRED TAXATION			
	The year-end credit balance has arisen due to accelerated tax depreciation allowances.		
9. ACCRUALS AND OTHER PAYABLES			
Accrued expenses		279,527	314,894
Tax deducted at source		18,352	15,320
Security deposits		424,776	424,776
Unclaimed dividend		1,046,430	541,707
Advance rent		1,961,894	1,783,540
		<u>3,730,979</u>	<u>3,080,237</u>

10. TAXATION - Net	2017	2016
	--- Rupees ---	
Opening balance	952,261	726,458
Add: provision made during the year:		
- current	1,996,478	952,261
- prior year	(90,347)	292,361
	1,906,131	1,244,622
	2,858,392	1,971,080
Less: adjusted against completed assessments / payments:		
- tax deducted at source	861,914	806,527
- tax paid along with return	-	212,292
Closing balance	1,996,478	952,261

10.1 Returns filed by the Company for Tax Years 2003 to 2016 have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001. The Company has not received any notice from the Tax Department for the selection of its cases for detailed scrutiny.

10.2 Numeric tax rate reconciliation has not been presented in these financial statements as provision made during the year ended June 30, 2017 and 2016 represents tax payable on property income, capital gain and dividend income.

11. CONTINGENCIES AND COMMITMENTS

There was no known contingency or commitment outstanding as at June 30, 2017 and 2016.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land	Furniture and fixtures	Generator and equipment	Vehicle	Total
----- Rupees -----						
As at June 30, 2015						
Cost	3,600,000	4,005,220	27,942	180,000	420,500	8,233,662
Accumulated depreciation	-	(3,027,605)	(25,511)	(177,595)	(419,356)	(3,650,067)
Book value	3,600,000	977,615	2,431	2,405	1,144	4,583,595
Year ended June 30, 2016:						
Additions	-	-	-	100,000	-	100,000
Depreciation for the year	-	(48,881)	(243)	(4,768)	(229)	(54,121)
Book value	3,600,000	928,734	2,188	97,637	915	4,629,474
Year ended June 30, 2017:						
Additions	-	-	24,550	33,000	-	57,550
Depreciation for the year	-	(46,437)	(1,242)	(32,659)	(183)	(80,521)
Book value	3,600,000	882,297	25,496	97,978	732	4,606,503
As at June 30, 2016						
Cost	3,600,000	4,005,220	27,942	280,000	420,500	8,333,662
Accumulated depreciation	-	(3,076,486)	(25,754)	(182,363)	(419,585)	(3,704,188)
Book value	3,600,000	928,734	2,188	97,637	915	4,629,474
As at June 30, 2017						
Cost	3,600,000	4,005,220	52,492	313,000	420,500	8,391,212
Accumulated depreciation	-	(3,122,923)	(26,996)	(215,022)	(419,768)	(3,784,709)
Book value	3,600,000	882,297	25,496	97,978	732	4,606,503
Depreciation rate (%)	-	5	10	25	20	

13. INVESTMENT PROPERTY

	Freehold land	Buildings on freehold land	Total
----- Rupees -----			
As at June 30, 2015			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	-	1,114,601	1,114,601
Book value	1,511,350	385,399	1,896,749
Year ended June 30, 2016			
Depreciation charge	-	19,270	19,270
Book value	1,511,350	366,129	1,877,479
Year ended June 30, 2017			
Depreciation charge	-	18,306	18,306
Book value	1,511,350	347,823	1,859,173
As at June 30, 2016			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	-	1,133,871	1,133,871
Book value	1,511,350	366,129	1,877,479
As at June 30, 2017			
Cost	1,511,350	1,500,000	3,011,350
Accumulated depreciation	-	1,152,177	1,152,177
Book value	1,511,350	347,823	1,859,173
Depreciation rate (%)			5

13.1 Fair value of the investment property, based on the management's estimation, as at June 30, 2017 is Rs.15 million.

14. LONG TERM INVESTMENTS

	Note	2017 ----- Rupees -----	2016
Associated Companies			
Quoted:			
The Premier Sugar Mills and Distillery Company Ltd. (PSM)			
	14.1		
Balance as at July 01,		143,164,638	121,322,386
Effect of items directly credited in equity / share of OCI		14,959,035	12,544,438
Share of after tax (loss) / profit		(9,150,214)	10,097,814
Dividend received		-	(800,000)
		<u>148,973,459</u>	<u>143,164,638</u>
Un-quoted:			
Premier Board Mills Ltd. (PBML)			
	14.2		
Balance as at July 01,		56,821,192	53,889,803
Effect of items directly credited in equity / share of OCI		596,098	(518,723)
Share of after tax profit			
- current year		1,086,361	3,464,303
- adjustment for last year based on audited financial statements		(146,679)	(14,191)
		<u>939,682</u>	<u>3,450,112</u>
		<u>58,356,972</u>	<u>56,821,192</u>
Others - Quoted			
Available-for-sale			
Ibrahim Fibres Ltd.			
9,750 ordinary shares of Rs.10 each - cost		136,538	136,538
Add: adjustment on re-measurement to fair value		532,800	416,092
		<u>669,338</u>	<u>552,630</u>
		<u>207,999,769</u>	<u>200,538,460</u>

14.1 Investment in PSM represents 400,000 fully paid ordinary shares of Rs.10 each representing 10.67% (2016: 10.67%) of PSM's issued, subscribed and paid-up capital as at June 30, 2017. PSM was incorporated on July 24, 1944 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The principal activity of PSM is manufacturing and sale of white sugar and spirit. Market value of the Company's investment in PSM as at June 30, 2017 was Rs.48 million (2016: Rs.64.220 million). PSM is an associate of the Company due to common directorship.

14.1.1 Summarised financial information of PSM for the year ended March 31, based on the audited consolidated financial statements for year ended September 30, and reviewed condensed interim consolidated financial statements for the half year ended March 31, is as follows:

Summarised Condensed Interim Consolidated Balance Sheet	2017	2016
	Rupees in '000	
Non-current assets	9,117,062	8,050,424
Current assets	9,472,318	7,366,338
	18,589,380	15,416,762
Surplus on revaluation of property, plant and equipment	3,300,367	2,245,515
Non-current liabilities	3,015,655	3,520,517
Current liabilities	10,169,376	7,788,553
	16,485,398	13,554,585
Net assets	2,103,982	1,862,177
Net assets - attributable to the shareholders of PSM	1,397,845	1,338,266
Reconciliation to carrying amount		
Opening net assets	1,338,266	1,133,841
Loss for the year	(84,679)	94,667
Dividend paid during the year	-	(7,500)
Effect of items directly credited in equity	130,915	127,648
Other comprehensive income for the year	10,166	(8,364)
Effect of items directly credited in equity by Associated Companies	3,177	(2,026)
Closing net assets	1,397,845	1,338,266
Company's share percentage 10.67%		
Company's share	149,150	142,793
Miscellaneous adjustments	(177)	372
Carrying amount of investment	148,973	143,165
Summarised Condensed Interim Profit and Loss Account		
Sales - total	10,755,501	12,191,150
Profit before taxation - total	5,330	151,766
Profit after taxation - attributable to the shareholders of PSM	(84,679)	94,667

14.1.2 The management, as at June 30, 2017, has carried out impairment testing of its investment in PSM as required under IAS 36, 'Impairment of Assets'. The recoverable amount of investment in PSM amounted Rs.350.939 million (2016: Rs.506.125 million). The recoverable amount of investment has been determined using the 'value-in-use' computation. In assessing the value in use, estimated future cash flows have been discounted to their present value using a post-tax discount rate that reflects current market assessment of the time value of money. The post-tax discount rate applied to cash flow projections is 6.34% (2016: 6.42%). As a result of the aforementioned impairment testing, the management has concluded that the carrying value of investment in PSM does not exceed its recoverable amount.

14.2 Investment in PBML represents 600,000 fully paid ordinary shares of Rs.10 each representing 10.63% (2016: 10.63%) of PBML's issued, subscribed and paid-up capital as at June 30, 2017. PBML was incorporated on May 12, 1980 as a public company and it is evaluating certain proposals for setting-up some industrial unit. PBML is an associate of the Company due to common directorship.

14.2.1 Summarised financial information of PBML, based on the un-audited financial statements for the year ended June 30, 2017 and audited financial statements for the year ended June 30, 2016 is as follows:

Summarised Balance Sheet	2017	2016
	Rupees in '000	
Non-current assets	513,430	364,244
Current assets	42,555	172,511
	555,985	536,755
Current liabilities	7,145	3,739
Net assets	548,840	533,016
Reconciliation to carrying amount		
Opening net assets	533,016	506,826
Profit for the year	10,217	31,069
Other comprehensive income / (loss) for the year	4,155	(7,001)
Items directly credited in equity	1,451	2,122
Closing net assets	548,839	533,016
Company's share percentage 10.63%		
Carrying amount of investment	58,357	56,660
Summarised Profit and Loss Account		
Income	11,970	12,837
Profit before taxation	12,300	32,069
Profit after taxation	10,217	31,070

15. LOAN TO AN ASSOCIATED COMPANY	Note	2017	2016
		--- Rupees ---	
Balance as at June 30,	15.1	43,750,000	43,750,000
Less: current portion grouped under current assets		-	12,500,000
		<u>43,750,000</u>	<u>31,250,000</u>

15.1 The Company and Chashma Sugar Mills Ltd. (CSM) had entered into a loan agreement on May 20, 2008 whereby the Company has advanced amounts aggregating Rs.50 million to CSM. The loan carries mark-up at the rate of 1-Month KIBOR+1.25% per annum; effective mark-up rates charged by the Company, during the current financial year, ranged from 7.45% to 7.53% (2016: 7.50% to 8.24%) per annum. As per the previous loan agreement, the loan was receivable in 8 equal half-yearly instalments which commenced from May, 2013. The Company and CSM, during the financial year ended June 30, 2014 and then again during the current financial year, have entered into a revised agreement and changed the repayment terms. As per latest agreement this loan is now receivable in seven half-yearly instalments commencing November, 2019. The loan is secured against a promissory note of Rs.59 million.

16. SHORT TERM INVESTMENT
- at fair value through profit or loss

First Habib Cash Fund

419,560 (2016: 592,559) Units - cost	42,006,409	59,394,813
Adjustment on re-measurement to fair value	117,938	59,552
	<u>42,124,347</u>	<u>59,454,365</u>

17. ACCRUED MARK-UP

This represents due from Chashma Sugar Mills Ltd. (an Associated Company) on account of mark-up accrued on loan advanced.

18. BANK BALANCES

Cash at banks on:

- current account	159,248	537,774
- deposit accounts	18.1	2,660,261
- dividend account	25,896	191,565
	<u>2,845,405</u>	<u>1,213,369</u>

18.1 Deposit accounts, during the current financial year, carried profit at the rate of 3.75% (2016: rates ranging from 4.00% to 4.55%) per annum.

19. INCOME	Note	2017	2016
		--- Rupees ---	
Interest / profit on deposit accounts		55,085	899,851
Mark-up on loan to an Associated Company		3,274,895	3,439,238
Fair value gain on re-measurement of short term investments	16	117,938	59,552
Gain on redemption of short term investments		501,656	1,862,277
Dividends on short term investments		2,600,518	-
Rent		5,092,406	4,643,052
		11,642,498	10,903,970
20. OPERATING AND GENERAL EXPENSES			
Salaries and allowances	20.1	11,255,728	4,152,747
Printing and stationery		366,434	359,367
Travelling and conveyance		1,689,763	1,576,378
Communication		367,019	180,472
Utilities		5,392	6,179
Rent, rates and taxes		476,225	437,669
Vehicles' running		470,005	576,434
Fees and subscription		201,181	209,361
Advertisement		184,940	169,290
Entertainment		1,272,161	1,259,813
Repair and maintenance		1,393,706	1,193,464
Insurance		102,568	28,480
Depreciation on property, plant and equipment	12	80,521	54,121
Depreciation on investment property	13	18,306	19,270
Auditors' remuneration:			
- statutory audit		75,000	75,000
- half yearly review		55,000	55,000
- certification charges		40,000	40,000
- out-of-pocket expenses		45,000	30,500
		215,000	200,500
Legal and professional charges (other than Auditors')		186,150	192,303
Others		1,536,690	343,166
		19,821,789	10,959,014

20.1 These include Rs.7.225 million (2016: Rs.Nil) paid to Mr.Hameed-Ur-Rehman (GM) in respect of gratuity.

21. TAXATION	Note	2017	2016
		--- Rupees ---	
Current			
Current tax on profit for the year	10	1,996,478	952,261
Adjustments in respect of prior years	10	(90,347)	292,361
		<u>1,906,131</u>	<u>1,244,622</u>
Deferred			
Origination and reversal of temporary differences		(335)	16,854
Impact of change in tax rate		(6,128)	(5,584)
		<u>(6,463)</u>	<u>11,270</u>
		<u>1,899,668</u>	<u>1,255,892</u>

22. EARNINGS PER SHARE - BASIC AND DILUTED

(Loss) / profit after taxation attributable to ordinary shareholders	<u>(18,304,472)</u>	<u>12,227,366</u>
	--- No. of shares ---	
Weighted average number of shares	<u>4,000,000</u>	<u>4,000,000</u>
	---- Rupees ----	
(Loss) / earnings per share	<u>(4.58)</u>	<u>3.06</u>

23. REMUNERATION OF DIRECTORS AND EXECUTIVES

23.1 The Company has not paid any remuneration or meeting fee to any of its directors during the current and preceding financial years.

23.2 Salaries and benefits paid to key management personnel:

Managerial remuneration	3,081,600	3,171,546
Medical and utility allowances	770,400	792,886
Gratuity	7,225,000	-
Expenses reimbursed	1,872,935	1,988,778
	<u>12,949,935</u>	<u>5,953,210</u>
No. of person	1	1

24. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Associated Companies, directors of the Company, key management personnel and staff retirement funds. The Company in the normal course of business carries out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment and remuneration of key management personnel is disclosed in note 23. Significant transactions with related parties are as follows:

	2017	2016
	--- Rupees ---	
Mark-up charged on loan to an Associated Company	3,274,895	3,439,238
Mark-up received from Associated Company	2,640,528	3,700,000

25. FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

The Board of Directors (Board) has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management framework.

25.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties fail completely to perform as contracted. The financial assets which are subject to credit risk aggregated Rs.90.584 million (2016: Rs.105.606 million) as tabulated below:

Long term investments	669,338	552,630
Loan to an Associated Company	43,750,000	43,750,000
Short term investment	42,124,347	59,454,365
Advances to employees	169,750	244,750
Accrued mark-up	1,024,894	390,527
Bank balances	2,845,405	1,213,369
	90,583,734	105,605,641

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Credit rating of short term investment - at fair value through profit or loss

The analysis below summarises the credit rating of the Company's investment:

	Rating	Rating assigned by
Habib Assets Management Limited	AM3+	PACRA

25.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as all obligations of the Company are short term in nature and are restricted to the extent of available liquidity. As at balance sheet date, accruals and other payables are the only financial liability of the Company that are due within next twelve months.

25.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to market risk on its quoted long term investments and short term investment.

(a) Currency risk

Foreign currency risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to foreign exchange risk as it does not have any foreign currency receivables or payables.

(b) Interest rate risk

At the reporting date carrying amount of the mark-up / profit rate profile of the Company's significant financial assets was as follows:

	2017	2016
	- - - Rupees - - -	
Loan to an Associated Company	43,750,000	43,750,000
Bank balances	2,660,261	484,030
	<u>46,410,261</u>	<u>44,234,030</u>

The effective mark-up / profit rates for the monetary financial assets have been mentioned in respective notes to the financial statements.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in Units of Mutual Fund and ordinary shares of a listed Company. To manage its price risk arising from aforesaid investment, the Company diversifies its portfolio and continuously monitors developments in equity and capital markets. In addition, the Company actively monitors the key factors that affect price movements.

The effects of a 10% increase in redemption value of Units of Mutual Fund and share price of investment would be as follows:

	2017	2016
	--- Rupees ---	
Effect on profit and loss account	4,212,435	5,945,437
Effect on equity	66,934	55,263
Effect on investments	<u>4,279,369</u>	<u>6,000,700</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit and loss account, equity and assets of the Company.

25.4 Fair value of financial instruments and hierarchy

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The following table shows the fair value measurements of the financial instruments carried at fair value by level of the following fair value measurement hierarchy:

Level:1	Quoted prices (unadjusted) in active markets for identical assets or
Level:2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level:3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company's investments in equity instruments of a listed Company have been measured at fair value using year-end quoted price. Fair value of these investments falls within level 1 of fair value hierarchy as mentioned above.

The Company's investment in Mutual Fund have been measured at fair value using year-end Net Assets Value as computed by the respective Assets Management Company. Fair value of these investments falls within level 2 of fair value hierarchy as mentioned above.

26. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

27. NUMBER OF EMPLOYEES

The total number of employees as at June 30, 2017 and 2016 and their average number during these years was two.

28. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on October 04, 2017 by the Board of directors of the Company.

29. FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison; however, no material re-arrangements have been made in these financial statements.



CHIEF EXECUTIVE



DIRECTOR

ARPAK INTERNATIONAL INVESTMENTS LIMITED

King's Arcade 20-A, Markaz F-7, Islamabad

PROXY FORM
40th Annual General Meeting

I/We..... ofbeing a member of **Arpak International Investments Limited** and holdingordinary shares as per share register Folio/CDC Account No..... hereby appoint Mr./Mrs of another member of the Company having Folio / CDC Account No CNIC No or Passport No..... or failing him / her Mr. / Mrs of Folio / CDC Accounts No CNIC No..... Or Passport No Who is also a member of the Company, as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on October 31, 2017 and at any adjournment thereof.

Revenue Stamp
Signature(Rs. 5.00)

Signature of Shareholder
(The signature should agree with the specimen registered with the Company)

Dated this day of 2017.

Signature of Proxy _____

1. Witness:
Name: _____
Signature: _____
Address: _____
CNIC No: _____

2. Witness:
Name: _____
Signature: _____
Address: _____
CNIC No: _____

Note: Proxies, in order to be effective, must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

CDC Shareholders and their Proxies are each requested to attached an attested photocopy of their CNIC or Passport with the proxy form before submission to the Company.

